

# Consolidated Statement of Changes in Equity

At 31 December 2006

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	Statutory reserve HK\$'000	Goodwill reserve HK'000	Accumulated deficit HK\$'000	Sub-total HK\$'000	Minority interest HK\$'000	Total HK'000
At 31 December 2004	11,493	34,621	604,497	-	-	(2,177)	(571,930)	76,504	-	76,504
Effect on adoption of new accounting policy - HKAS 1	-	-	-	-	-	-	-	-	1,167	1,167
At 1 January 2005										
As restated	11,493	34,621	604,497	-	-	(2,177)	(571,930)	76,504	1,167	77,671
Effect on adoption of new accounting policy - HKFRS 3	-	-	-	-	-	2,177	-	2,177	-	2,177
Acquisition of subsidiaries	-	-	-	-	14	-	-	14	34,983	34,997
Exchange difference	-	-	-	(216)	-	-	-	(216)	-	(216)
Profit for the year	-	-	-	-	-	-	(1,844)	(1,844)	2,825	981
At 31 December 2005	11,493	34,621	604,497	(216)	14	-	(573,774)	76,635	38,975	115,610
Dividend paid to minority interests	-	-	-	-	-	-	-	-	(3,000)	(3,000)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	1,137	1,137
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	-	(956)	(956)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	104	104
Disposal of partial equity interests in a subsidiary	-	-	-	-	-	-	-	-	5,806	5,806
Exchange difference	-	-	-	5,026	-	-	-	5,026	-	5,026
Profit for the year	-	-	-	-	-	-	12,499	12,499	8,223	20,722
Appropriation to the PRC statutory reserve	-	-	-	-	3,024	-	(3,024)	-	-	-
At 31 December 2006	11,493	34,621	604,497	4,810	3,038	-	(564,299)	94,160	50,289	144,449

## Special reserve

Special reserve of the Group represents (i) the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group Reorganisation, over the nominal value of the Company's share issued in exchange thereof, and (ii) the difference between the nominal value of the share capital and share premium of a group of subsidiaries acquired pursuant to the Group reorganisation effective on 20 December 2001, over the nominal value of the Company's shares issued in exchange thereof.

The Company proposes to set off the special reserve against the accumulated deficit, which is subject to approval from the board of directors. Details of the offset are set out in Note 43.



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At 31 December 2006

## Statutory reserve

Statutory reserve of the Group comprises of statutory surplus reserve and statutory public welfare fund reserve.

### Statutory surplus reserve

In accordance with the Group's articles of association, each entity shall appropriate 10% of its annual statutory net profit (after net off against any prior years' losses), prepared in accordance with the accounting principles and financial regulations (the "GAAP") applicable to companies established in the People's Republic of China (the "PRC"), to the statutory surplus reserve. When the balance of such statutory surplus reserve reaches 50% of the entity's share capital, any further appropriation is optional.

### Statutory welfare fund reserve

In accordance with the Group's articles of association, each entity shall appropriate 5% to 10% of its annual statutory net profit (after offset against any prior years' losses), prepared in accordance with the PRC GAAP, to the statutory public welfare fund reserve.

## Goodwill reserve

Goodwill reserve arising from acquisitions of subsidiaries prior to 1 July 2001 and would only be charged to income statement at the time of disposal of the relevant subsidiary, or as the goodwill is determined as impaired. Following the adoption of HKFRS 3, the goodwill reserve has been reclassified and tested annually of impairment.

The accompanying notes form an integral part of these financial statements.

